Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

SECRET

DD/P 7-4598

Executive Registry
67-5018

24 October 1967

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Retirement Policy

1. Referring back to our recent conversation on the subject of retirement policy, this memorandum will convey some thoughts in regard to it for what they may be worth. I am convinced that we need a review and re-definition of current Agency policy to standardize our approach and avoid charges of inequity.

2. There is apparently reason to believe that under present circumstances retirement at age 60 is probably unenforceable at law as to individuals in the Civil Service System. That being the case, the use of administrative pressure to implement policy is open to serious question on both moral and legal grounds. Although the policy is evidently enforceable as to those in the CIA System, it does not appear to be feasible or equitable to maintain what will amount to two divergent retirement standards because of differences in enforceability. For the future, a uniform legally enforceable policy is needed and legislation to that end should be sought if the authority of the Director does not already extend to the matter.

3. Meanwhile, underlying any review of policy is the basic fact that our hiring and retirement procedures were not meshed until 1959. At that point we began to follow a general policy to employ only those individuals whose age (and previous government employment) would permit completion of 30 years of service on or before age 60. Reflected thereby is the viewpoint that about 60% of high salary is regarded as necessary to provide sufficient post-retirement income to live in adequate, if reduced, circumstances. Prior to 1959, however, our hiring policies had little or no relation to retirement policies, and thus both work tenure and retirement income were left substantially in limbo. In answer to any questions in this regard, a prospective employee was advised that Agency policy followed the

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

GROUP 1
Excluded from automatic downgrading and declassification

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

Civil Service compulsory retirement age of 70. In brief, the forward retirement planning adopted in 1959 has no equitable application to the random hiring practice of our earlier years.

4. Although we have since promulgated proposals as to retirement at age 62 and subsequently at age 60, there evidently has been no legally-based change in the initial premise that retirement would not come involuntarily until age 70, if there were need to work that long. At least, that is a conviction held by many of the pre-1959 group.

5. If we should now set as an objective the creation of a single retirement system within five years, this time frame would permit us, in turn, to rectify substantially any inequities created by pre-1959 hiring practices. We might then announce that we intend to establish, by Congressional ratification if necessary, a uniform system of compulsory retirement at age 60 with 30 years service and to adhere to such a formula as a matter of policy meanwhile. Concomitantly we might state that until 31 December 1972, a person with less than 30 years of service might apply for extension (a) until that date, or (b) until age 70, or (c) until he completes 30 years of service, whichever occurs earliest. An examination of retirement schedules for our CS supergrades, in regard to which data is readily available, discloses that such a formula would have the following effect.

(1) Of 160 officers in supergrade category, 122 individuals would retire as presently scheduled at age 60 with 30 years of service.

(2) Thirty individuals would be extended for various periods averaging 2 years and 5 months retiring at an average age of 63 with their annuity based on an average of 27 years 4 months of service.

(3) Eight individuals would retire after 31 December 1972 at age 60 with less than 30 years of service (4 of these having over 25 years).

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

6. It is recognized that this formula raises the question of promotion blockages. The problem, however, does not seem to be as great as surmised before the foregoing analysis, assuming the supergrade group is a fair sampling of our structure as a whole. There may be ways to ameliorate the blockages that do result, such as the following:

(1) Recognize service after age 60 as terminal service and reduce people in grade, appropriately, during this period.

(2) Explore ways of making it possible for people who would like to undertake less demanding jobs at less pay to convert to career agent or other contract status with a salary commensurate with the job.

(3) Explore ways of identifying additional people within the CIAR System who might like to retire, but who are not eligible under current interpretations.

(4) Present the problem to the Bureau of the Budget requesting a temporary increase in upper level grades for a few years, with built-in assurances to the Bureau that the structure will automatically be readjusted as designated people retire.

7. Adoption of the foregoing revised policy would go a long way toward equating the benefits between those who were hired prior to 1959 and those who were hired subsequently. The formula encompasses the aspect of compassion in substantial measure and therefore few extensions need be afforded in the future except those initiated by the Director, based on his estimate of Service requirements. In this fashion, it seems possible to avoid an increasing demand for extensions and, if they are not granted, the situation of having a substantial body of alumni who are embittered and resentful.

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4

8. I hope these observations will prove to be of assistance in a review of the problem.

[redacted] 25X1

Thomas H. Karamessines
Deputy Director for Plans

cc: DD/I
DD/S
DD/S&T
D/PERS

Approved For Release 2002/10/09 : CIA-RDP80B01676R001600190003-4